

EDMONDS CITY COUNCIL APPROVED MINUTES

April 19, 2011

At 6:00 p.m., Mayor Cooper announced that the City Council would meet in executive session regarding labor negotiations. He stated that the executive session was scheduled to last approximately 30 minutes and would be held in the Jury Meeting Room, located in the Public Safety Complex. No action was anticipated to occur as a result of meeting in executive session. Elected officials present at the executive session were: Mayor Cooper, and Councilmembers Peterson, Bernheim, Fraley-Monillas, Buckshnis, and Petso. Others present were Police Chief Al Compaan, Human Resources Director Debi Humann, and City Clerk Sandy Chase. The executive session concluded at 6:32 p.m.

At 6:35 p.m., the City Council met with candidates for appointment to the Planning Board, Neil Tibbott and William Ellis. The meeting took place in the Jury Meeting Room, located in the Public Safety Complex. Councilmembers Peterson, Bernheim, Fraley-Monillas, Buckshnis, Petso and Plunkett were present for the meeting with Mr. Ellis and Mr. Tibbott. The meeting with the candidates concluded at 6:55 p.m.

The Edmonds City Council meeting was called to order at 7:01 p.m. by Mayor Cooper in the Council Chambers, 250 5th Avenue North, Edmonds. The meeting was opened with the flag salute.

ELECTED OFFICIALS PRESENT

Mike Cooper, Mayor
Strom Peterson, Council President
Steve Bernheim, Councilmember
D. J. Wilson, Councilmember
Michael Plunkett, Councilmember
Lora Petso, Councilmember
Adrienne Fraley-Monillas, Councilmember
Diane Buckshnis, Councilmember

ALSO PRESENT

Peter Gibson, Student Representative

STAFF PRESENT

Gerry Gannon, Assistant Police Chief
Phil Williams, Public Works Director
Carrie Hite, Parks & Recreation Director
Rob Chave, Planning Manager
Carl Nelson, CIO
Frances Chapin, Cultural Services Manager
Rob English, City Engineer
Gina Coccia, Planner
Renee McRae, Recreation Manager
Jeff Taraday, City Attorney
Sandy Chase, City Clerk
Jana Spellman, Senior Executive Council Asst.
Jeannie Dines, Recorder

1. APPROVAL OF AGENDA

COUNCILMEMBER WILSON MOVED, SECONDED BY COUNCIL PRESIDENT PETERSON, TO APPROVE THE AGENDA IN CONTENT AND ORDER. MOTION CARRIED UNANIMOUSLY.

2. CONSENT AGENDA ITEMS

COUNCIL PRESIDENT PETERSON MOVED, SECONDED BY COUNCILMEMBER BERNHEIM, TO APPROVE THE CONSENT AGENDA. MOTION CARRIED UNANIMOUSLY. The agenda items approved are as follows:

- A. ROLL CALL
- B. APPROVAL OF CITY COUNCIL MEETING MINUTES OF APRIL 5, 2011.
- C. APPROVAL OF CLAIM CHECKS #124759 THROUGH #124902 DATED APRIL 7, 2011 FOR \$2,141,127.63, AND CLAIM CHECKS #124903 THROUGH #125018 DATED APRIL 14, 2011 FOR \$215,589.91. APPROVAL OF PAYROLL DIRECT DEPOSIT AND CHECKS #50320 THROUGH #50349 FOR THE PERIOD MARCH 16, 2011 THROUGH MARCH 31, 2011 FOR \$638,444.25.
- D. ACKNOWLEDGE RECEIPT OF A CLAIM FOR DAMAGES SUBMITTED BY LINDA BAKER (\$8,700.51).
- E. OPERATIONS POLICY FOR SHELL VALLEY EMERGENCY ACCESS ROAD.
- F. AUTHORIZATION TO SURPLUS AND SELL POLICE DEPARTMENT EQUIPMENT.
- G. CLOSE OUT SUBCONTRACT 87898, PUGET SOUND SMALL VESSEL PRND (PREVENTIVE RADIOLOGICAL/NUCLEAR DETECTION).
- H. SENIOR CENTER RECREATIONAL SERVICES AGREEMENT.
- I. AUTHORIZATION FOR MAYOR TO SIGN THE CONTRACT WITH THE EDMONDS-SOUTH SNOHOMISH COUNTY HISTORICAL SOCIETY FOR THE 2011 EDMONDS MARKET.
- J. AUTHORIZATION FOR THE MAYOR TO SIGN THE CONTRACT WITH THE EDMONDS ARTS FESTIVAL ASSOCIATION FOR THE 2011 EDMONDS ARTS FESTIVAL.
- K. AUTHORIZATION FOR THE MAYOR TO SIGN THE CONTRACT WITH THE GREATER EDMONDS CHAMBER OF COMMERCE FOR THE 4TH OF JULY PARADE AND FIREWORKS DISPLAY.
- L. AUTHORIZATION FOR THE MAYOR TO SIGN THE CONTRACT WITH THE GREATER EDMONDS CHAMBER OF COMMERCE FOR THE 2011 TASTE OF EDMONDS.
- M. AUTHORIZATION FOR THE MAYOR TO SIGN THE CONTRACT WITH THE GREATER EDMONDS CHAMBER OF COMMERCE FOR THE 2011 CLASSIC CAR SHOW.
- N. AUTHORIZATION FOR MAYOR TO SIGN UTILITY EASEMENTS FOR THE LIFT STATION 2 IMPROVEMENTS PROJECT.
- O. TRAFFIC IMPACT FEE ANNUAL REPORT.
- P. QUARTERLY REPORT REGARDING FIBER OPTIC OPPORTUNITIES.
- Q. ORDINANCE NO. 3839 – ADOPT BY REFERENCE RCW 9A.56.063, MAKING OR POSSESSING MOTOR VEHICLE THEFT TOOLS.

3. UPDATE BY COMMUNITY TRANSIT

Todd Morrow, Chief of Strategic Communications, thanked Councilmember Bernheim, the alternate on the Community Transit Board, for his participation. He provided an update on Community Transit, the

service they provide in the community and throughout Snohomish County. He described who is riding the bus, the long range transit plan, Community Transit's financial situation and efforts to find new revenue.

Community Transit carries about 10 million passengers a year or 43,000 people each weekday. Swift, which has been successful, carries about 1/10th of riders or about 1 million people a year. A Community Transit program to reduce trips, Curb the Congestion, in partnership with Snohomish County takes commuters off the most congested roadways including 164th Street, 128th Street and 20th Street. This project takes about 300 people out of their cars on those corridors on an average workday. Community Transit also has a very big Commute Trip Reduction program where they work with large employers.

Mr. Morrow displayed a map of daily boardings in Edmonds; Edmonds has 13 Community Transit bus routes and 173 bus stops and a total of 727 buses serve Edmonds every weekday. On an average weekday, 1,906 people board buses within Edmonds. An on-board survey conducted last fall found people from all demographics ride Community Transit; 25-64 year olds make up 70% of their ridership and more women (54%) than men (46%) ride Community Transit buses. 70% of Community Transit riders have at least some college education and ridership is fairly balanced between all income levels. Although many believe that bus riders are people with no other transportation option, the survey revealed 60% of riders are choice riders; they have a car but choose to ride the bus instead.

Mr. Morrow displayed a map of the 2030 multi-modal network from their Long Range Transit Plan. Community Transit recently adopted a vision for transit in Snohomish County in the next 20 years and looks at a variety of issues including how transit service is integrated with land use regulations, road development, population and housing density. The vision is a transit emphasis corridor approach; the goal is to develop a system of high ridership corridors likely served by new Swift routes. Community Transit envisions doubling the current amount of service over the next 20 years, an additional 500,000 hours of new service, expanding their fleet and other capital construction which will require new revenue.

He referred to a corridor planning framework, the strategy for reaching the higher levels of service on key corridors. He acknowledged this was ambitious, particularly in view of Community Transit's current revenue situation. Similar to Edmonds, Community Transit has been hard hit by reduced sales tax revenue from the recession. After 2007, Community Transit sales tax revenue dropped approximately 20% and remained there for three years. Community Transit will have lost \$207 million in revenue by 2013. Sales tax revenue in 2011 is at 2005 levels while labor, fuel, equipment costs continue to increase.

Community Transit has tightened its belt, beginning with cutting \$29 million in programs and administrative costs, deferring projects and purchases and not filling vacant positions. Last June Community Transit cut 15% of their service including total suspension of service on Sunday and raised fares for the second time in 3 years. In 2010 Community Transit eliminated 83 service related positions (bus drivers, mechanics) and in 2011 Community Transit laid off 20 administrative staff including 2 executives. Unfortunately that was not enough; Community Transit is now planning to reduce service by up to another 20% in February 2011. Although this is an unwanted step, it is Community Transit's only choice given the inability to raise the sales tax rate which is at the state authorized maximum.

The economy has been reset and Community Transit needs to similarly resize its agency to be sustained on current levels of revenue. In the coming weeks and months, Community Transit will conduct efforts to involve the community. In April they are holding a Transit Values exercise with community leaders and riders. This exercise helps to explain the choices and tradeoffs when designing a transit system and takes groups through an exercise of reducing the system and making difficult choices based on their values. This helps people understand choices and will help the Community Transit Board understand the community's values when making decisions this summer.

At the Board's direction, staff is preparing three service cut alternatives to present to the public for review and comment during June. There will be several community open houses and information available on their website as well as via social media. This will culminate in a public hearing before the Community Transit Board in early July. Following the guidance of the Board and the public, staff will submit a final service plan this summer that will be presented to the Board at their September meeting for final action.

Mr. Morrow summarized services must be cut in 2012 and the process to do that has already started. In the meantime Community Transit continues to seek new sources of revenue. There are three initiatives underway being championed by State Representative Marko Liias on behalf of transit riders in Snohomish County:

1. Congestion Relief bill
2. Regional Mobility Grant to provide some funding for a small amount of Sunday service
3. Transportation Additive funding bill

He acknowledged these were temporary solutions; Community Transit needs a reliable state funding source. MVET previously funded 1/3 of Community Transit's operations; now the agency primarily relies on sales tax, a very volatile funding source. Community Transit is also taking initiative to increase revenue via the Buy Local for Transit campaign, working with local businesses to offer discounts to transit riders to encourage those riders to shop locally which supports local businesses, communities, creates jobs and generates sales tax.

Councilmember Wilson expressed his appreciation for Mr. Morrow's involvement and engagement with Edmonds. He expressed concern that the Congestion Relief bill did not allow for a public vote, pointing out Edmonds voters rejected a \$40 increase in the vehicle license fee. Mr. Morrow advised the bill was amended to include that as an option.

Mayor Cooper referred to the Congestion Relief legislation, advising the Senate took Snohomish County out of the bill and it would only apply to King County. He supported including Community Transit when the bill goes to Congress.

Councilmember Wilson asked about the legislature's concerns when they compared King County Metro with Community Transit. Mr. Morrow offered to provide information.

Councilmember Bernheim commented one of the consequences of not supporting Community Transit with taxes or another funding source is service cuts or tremendous fare increases. This is an example of people paying for a service if they want it to continue or suffering when the service is unavailable.

4. PUBLIC HEARING ON PROPOSED CODE AMENDMENT TO ECDC 20.20 (HOME OCCUPATIONS). PROPOSED CHANGES INCLUDE SHIFTING THE PROCESS FROM TYPE 3-B (HEARING EXAMINER REVIEW) TO TYPE 2 (STAFF DECISION) WHILE RETAINING NOTICE AND APPEAL RIGHTS. ALSO PROPOSED ARE CHANGES THAT WOULD SET LIMITS FOR POTENTIAL HOME OCCUPATIONS, AS WELL AS ESTABLISHING NEW RULES FOR URBAN FARMERS AND ARTIST STUDIOS.

Planning Manager Rob Chave explained the Council held a public hearing in January 2011, reconsidered their vote in February, and referred the issue to the Council's Community Services/Development Services Committee. The Committee reviewed the matter and forwarded the current ordinance draft to the Council.

Mr. Chave explained under the proposed amendments, most home occupations are permitted as they always have been. There is no change for a person with a home occupation in their home with no

employees or visitors. There are currently 346 active home occupations in the City, approximately 2% of Edmonds households. In the last five years, there have been two Conditional Use Permits (CUP) for home occupations. There has been concern expressed that the proposed amendments will result in more home occupations with CUPs; however, two CUPs in five years indicates there is not a great demand.

Under the proposed amendments, the cost to apply for a home occupations CUP is reduced from the current \$1550 to \$585. One of the reasons this amendment was initiated was an individual who wanted to have students come to his home one at a time. Since he was earning a nominal amount, the cost of the CUP was prohibitive. A \$1550 fee for someone doing amateur/part-time instruction is not appropriate because they are not earning a great deal. The prohibition in the current code on retail sales remains; home occupations are not retail operations. Under the proposed process there is still public notice. The public hearing under the proposed amendments would only occur if someone objected to or appealed the decision to allow a home occupation rather than the automatic hearing in the existing ordinance.

In the current home occupations chapter, there is no upper limit. As long as a home occupations is not doing retail sales, they can ask for any number of employees or visitors and approval of the request occurs via the Hearing Examiner process. The proposed amendments provide an upper limit that a home occupation cannot exceed: one visitor per hour, no visitors between 9:00 p.m. and 8:00 a.m. An applicant is not automatically allowed one visitor per hour; they still have the burden of proof with regard to traffic, parking, etc.

The proposed update also provides for art studios and limited home farm produce sales which are not allowed under the existing code. Under the existing code an artist could have a studio tour via an event permit. Because Edmonds is an arts community, there should be a process for art studios to have visitors who can purchase their art.

Councilmember Fraley-Monillas asked about signage. Mr. Chave answered any residential property can currently have 4 square feet of signage on their property. The proposed amendment clarifies that a sign regarding the business is part of the overall 4 square feet, not in addition. The current code is silent on whether it is additional signage.

Councilmember Plunkett asked whether the Mayor can veto an ordinance. Mayor Cooper answered he can.

Councilmember Wilson observed that under the existing code residential signage does not require a CUP. Mr. Chave agreed. Councilmember Wilson anticipated there would be confusion because the proposed amendments state a person desiring a sign is required to obtain a CUP. Mr. Chave explained a person whose home occupation does not have visitors is unlikely to need a sign. A CUP is required for a sign regarding the business. Councilmember Wilson anticipated this would put staff in a difficult situation; a resident could say they get 4 square feet of signage but the City requires a \$585 CUP to include the name of their business. Mr. Chave agreed that was a policy call, staff took a fairly conservative approach. Councilmember Wilson commented he just did not want neon flashing signs in residential neighborhoods. Mr. Chave advised that was not allowed. Councilmember Wilson did not want residents to be required to spend \$585 for a sign stating their business name.

Councilmember Buckshnis advised she received a call from a mother whose daughter, an attorney, wanted to have a home occupation in their house and was denied. She asked the reason. Mr. Chave was not familiar with that specific application; there is a presumption in the current code that a professional must show they will not have any visitors to the residents. It may be that she could not say there would not be clients coming to the house. A home occupation with visitors requires a CUP process.

Councilmember Bernheim asked whether lawyers, CPAs, engineers were covered by the home occupations regulations. Mr. Chave answered they are; under the proposed code if they had visitors or an employee, a staff processed CUP would be required.

Councilmember Fraley-Monillas asked if the CUP requirement for a home occupation with visitors and/or employees was to prevent traffic in neighborhoods. Mr. Chave answered it is to prevent excessive traffic, noise, etc. in a residential area, but also to allow traffic, etc. to occur at a reasonable level.

Mayor Cooper opened the public participation portion of the public hearing.

Roger Hertrich, Edmonds, advised attorneys are a prohibited home occupation based on the fact that their services are provided to persons throughout the city or the regional community rather than the neighborhood. He asked how a person with a home occupation proved they served the neighborhood and how the code would be enforced. He expressed concern that the cost for a person to file an appeal of a staff decision to the Hearing Examiner was substantially more than the home occupation application fee. He suggested eliminating the cost of an appeal in an effort to protect the neighborhood. With regard to hours of operation, he suggested 9:00 a.m. to 6:00 p.m. would be more reasonable. He also recommended restricting signage.

Al Rutledge, Edmonds, noted the City has had two Hearing Examiners in the past five years. He attends most meetings but feared the Council may not understand the process because they do not attend Hearing Examiner meetings. He was concerned with the cost for a resident to appeal a decision regarding a home occupation.

Hearing no further comment, Mayor Cooper closed the public participation portion of the public hearing.

Councilmember Fraley-Monillas observed the City currently had a home occupations code and home occupations were allowed in all areas of the City. She asked how the code was enforced today. Mr. Chave answered all the City's enforcement is by complaint. Any complaints are investigated by Code Enforcement.

For Councilmember Fraley-Monillas, Mr. Chave advised there had been two home occupation CUPs approved in five years. She asked how many denials there have been. Mr. Chave answered none. There have been people who are discouraged from applying for a home occupation CUP due to the cost.

Councilmember Plunkett asked whether the current code discourages home occupations via the cost. Mr. Chave explained it discourages home occupations such as music teachers who may have a few students in a day and because they do not make a great deal of money, the cost of a CUP is prohibitive.

COUNCIL PRESIDENT PETERSON MOVED, SECONDED BY COUNCILMEMBER FRALEY-MONILLAS, TO APPROVE ORDINANCE NO. 3840, AMENDING THE PROVISIONS OF THE EDMONDS COMMUNITY DEVELOPMENT CODE TO REPEAL AND REENACT CHAPTER 20.20 HOME OCCUPATIONS, AND FIXING A TIME WHEN THE SAME SHALL BECOME EFFECTIVE.

Councilmember Plunkett explained he had been interested in amending the code due to the cost. However, instead of minor changes, the amendments have become a complete change. Edmonds does not encourage home occupations. Under the proposed amendments, Chapter 20.20, Intent/Purpose, states this chapter seeks to encourage home, work and business activity. He expressed concern that the code was being changed from discouraging home occupations to encouraging them. Neighborhoods are the most

important part of Edmonds; he feared neighborhoods would be sacrificed to encourage businesses. He did not support the motion, anticipating residents did not want businesses in their neighborhoods.

Council President Peterson thanked staff and the Planning Board for developing and reviewing the proposed amendments. He pointed out 2% of Edmonds homes have home occupations, that does not reflect that they are discouraged. The proposed amendments establish a better, cleaner, more obvious process for the applicant as well as the neighbors. He supported having CUP decisions made by staff rather than the Hearing Examiner due to the cost, particularly for art studios. Art is an important part of Edmonds history and its economic development. He did not anticipate the proposed amendments would open the floodgates to home occupations.

Councilmember Wilson echoed Council President Peterson's praise of staff and the Planning Board, noting the Council has also done a good job reflecting public intent and concern. He disagreed with Councilmember Plunkett's categorization, pointing out the current code has no limitation on the number of employees, number of visitors or hours that a home occupation can operate. The proposed amendments place restrictions on those and make it much harder to have a sign than the current code. The proposed amendments protect neighborhoods. Home occupations in Edmonds are not a trivial number, 2% of households have a home occupation. If the City wants to make a case to voters that the City needs more revenue, it should not at the same time limit economic development. Those who do not support a levy this fall should support economic development and this is a concrete way to do so. He summarized the proposed amendments clean up the code in a way that supports the 2% of households have home occupations.

COUNCILMEMBER BUCKSHNIS MOVED, SECONDED BY COUNCILMEMBER PETSO, TO AMEND PAGE 4 OF THE ORDINANCE, CHAPTER 20.20.001, PARAGRAPH 6, TO READ, "DOES NOT INCLUDE VISITS FROM CUSTOMERS BETWEEN THE HOURS OF ~~9:00~~ 6:00 PM AND ~~8:00~~ 9:00 AM."

Councilmember Buckshnis commented home occupations should follow the protocol of normal businesses and visitors should not be allowed later than 6:00 pm. Mr. Chave answered home occupations are not normal businesses and are not open to the public during normal business hours. For example, a person teaching music is likely to do so in the evening rather than during the day because parents work during the day and bring their child for music lessons after work. He was concerned that being overly restrictive would eliminate a class of home occupations.

Councilmember Bernheim agreed with Mr. Chave, explaining he wanted to allow a music teacher to provide music lessons until 8:00 p.m. Parents do not have time to take their children to music lessons from 9:00 am to 5:00 pm. He envisioned a music lesson was a more realistic prospect in the future than a metal fabrication plant. If problems arise in the future such as noise in neighborhoods after hours, changes can be made. He preferred to be as flexible as possible and respond if there are any problems. He anticipated the problems were being exaggerated noting that most home occupations are quiet and occur without notice.

Councilmember Fraley-Monillas advised she did not support the amendment for the reason Councilmember Bernheim mentioned. The hours are appropriate for any type of lessons; people typically do not take lessons during the day because they are at work or school. She has not heard any complaints about home occupations operating during evening hours.

Councilmember Buckshnis explained having a person conduct lessons 9:00 pm to 10:00 pm when a person may want to go to bed is not reasonable for neighborhoods. People can take lessons on Saturdays and Sundays; 9:00 pm is too late. She offered to change the end time to 7:00 pm.

Student Representative Gibson suggested compromising at 8:00 pm.

UPON ROLL CALL, THE VOTE ON THE AMENDING MOTION FAILED (3-4), COUNCILMEMBERS BUCKSHNIS, PLUNKETT, AND PETSO VOTING YES; AND COUNCIL PRESIDENT PETERSON, AND COUNCILMEMBERS FRALEY-MONILLAS, WILSON AND BERNHEIM VOTING NO.

COUNCILMEMBER PETSO MOVED, SECONDED BY COUNCILMEMBER BUCKSHNIS, TO AMEND PAGE 4 OF THE ORDINANCE, CHAPTER 20.20.001, PARAGRAPH 6, TO READ, “DOES NOT INCLUDE VISITS FROM CUSTOMERS BETWEEN THE HOURS OF ~~9:00~~ 7:00 PM AND ~~8:00~~ 9:00 AM.”

Councilmember Fraley-Monillas commented 7:00 p.m. was too restrictive.

Council President Peterson agreed 7:00 p.m. was too restrictive. With the amendment, the lesson would need to end at 7:00 p.m. For example piano lessons could not start after 6:00 p.m. Under the hours in the proposed ordinance, the lessons would end at 9:00 p.m.

THE VOTE ON THE AMENDING MOTION FAILED (3-4), COUNCILMEMBERS BUCKSHNIS, PLUNKETT, AND PETSO VOTING YES.

THE VOTE ON THE MAIN MOTION CARRIED (6-1), COUNCILMEMBER PLUNKETT VOTING NO.

5. AUDIENCE COMMENTS

Natalie Shippen, Edmonds, advised she will not support any levy options on an August ballot unless an option for a change to a City Manager form of government is also on the ballot. In three years of relentless speculation about Edmonds revenues, no citizen committee or Council as ever addressed why a prosperous town during a prosperous decade fell so far behind in its upkeep and low in reserves that an economic downturn could not be weathered without a ballot measure for operating costs. She anticipated Edmonds' form of government contributed to the failure. Under the strong Mayor-Council structure, political calculation sometimes trumps sound financial judgment. A mayor who anticipates he will run for multiple terms in office is reluctant to propose unpopular measures such as raising taxes or cutting services even though foresight might dictate it is necessary. Over time that reluctance, coupled with consecutive terms in office can erode a city's financial position. A City Manager knows that prospective employers will look first at his handling of public money. This incentive to provide good management is greater than merely reelection to office. If the Council asks voters for operating money, it should also ask who residents want to manage the budget in the future, a professional administrator or a political administrator.

Al Rutledge, Edmonds, invited the public to Easter Egg hunts at 236th/84th at 9:00 a.m. Saturday and at 10:00 a.m. in downtown Edmonds. With regard to Community Transit, he noted all transit agencies are having financial difficulties. He suggested Community Transit focus on the most well used routes because a full bus generates more revenue than an empty bus. He suggested Community Transit also determine how to encourage people to ride the bus.

Roger Hertrich, Edmonds, was disappointed the Council did not discuss his concern that appeals of staff decisions will cost a resident more than the applicant for a home occupation. Next, he advised there were no Finance Department representatives at the Finance Committee meeting and no update on the City's current financial position was provided. The City lost its Finance Director and is now using a temporary Finance Director. He referred to Mayor Cooper's proposed levy, commenting it was

inappropriate to request a levy when the City's financial condition is not clear. He requested Mayor Cooper make a statement regarding the City's financial condition.

6. DISCUSSION OF LEVY OPTIONS.

Council President Peterson explained as promised this is an opportunity to discuss levy options. Mayor Cooper's proposal is a starting point. Public comment on levy options is scheduled for the May 3 meeting. If the Council wishes to place a levy on the August ballot, the deadline is May 24; therefore a decision must be made by the May 17 meeting.

Councilmember Buckshnis reported the Citizen Levy Committee is meeting on Thursday and will provide their summary. The Committee has not yet provided a recommendation as they were unaware that a levy would be proposed for the August ballot. She did not support an operating levy but would support a specialized levy: \$1.5 million/year 3-year levy for streets, \$200,000/year 3-year levy for the Edmonds Center for the Arts and \$300,000/year 3-year for the Parks & Recreation Flower Program which totals \$2 million or \$0.35 cents/\$1000 AV. She echoed Mr. Hertrich's concern with the financials. She summarized she would support what she feels is needed – streets, parks and the arts.

Councilmember Bernheim expressed his general support for a levy, stating he was open to all options. He emphasized State law limits increases in the City's property tax to 1% per year; property tax is the City's primary revenue source. Expenses exceed a 1% growth rate due to the growth of the City, additional services the City needs to provide and because the cost of providing existing services increases every year similar to citizens' household budgets. He supported a levy concept although he needed documentation regarding the severity of the problem and reliable budget data. The Council Finance Committee did not have an opportunity to talk with the Finance Director at their last meeting due to his absence without notice to the Committee. In addition, at one of the Finance Committee meetings, the monthly report was not distributed prior to the meeting. As a member of the Finance Committee who is not a finance expert and is responsible to the Council with regard to the City's finances, he seeks guidance from the City's administration. Although he might mistrust, question or challenge the financial information, he would have difficulty selling a levy to the people without financial information. He summarized the credibility of the problem was the most important area to address prior to placing a levy on the ballot.

Councilmember Plunkett reiterated the comments he made at the last Council meeting. The City's operating budget will increase \$5.5 million over the next five years, \$4.7 million of that is labor costs. He cannot support an operating levy until the escalating labor and medical benefits costs are addressed. He could support a levy for capital and/or maintenance.

Council President Peterson expressed his support for Mayor Cooper's proposal with possibly some additions. With regard to a Councilmember not supporting a levy for operations and only capital, a breakdown provided by Parks & Recreation Director Carrie Hite of the Flower Program costs illustrates that most of the cost of that program is labor which is operations. His concern with separating operations from capital was investment in capital requires people to make the capital work. For example, investing in new police cars requires hiring officers to drive the cars. He noted that was his philosophical concern and he understood the concern of not relying on a 3-year levy to fund a lot of new positions. The City is a service industry, without people, none of the work gets done. He questioned the ability to separate labor and benefits costs from capital.

With regard to the City's finances, Council President Peterson echoed Councilmember Bernheim's comments regarding the 1% cap on property tax increases and expenditures increasing more than 1%/year. The Council has been discussing a levy for a number of years; admittedly he changed his mind two years ago regarding placing a levy on the ballot. Two years ago the Council was in agreement that

things were bad and they certainly have not gotten any better. While Councilmembers may bicker over the financials, they can agree that the City needs a financial boost.

If the Council's concern with obtaining reports is so great, he suggested investing funds from the Capital Reserve Fund in the Finance Department to upgrade the system to get the reports Councilmember Buckshnis has seen in other cities. He noted the City's system is at least a generation behind. Councilmember Buckshnis pointed out the reports used by other cities are Excel spreadsheets. Council President Peterson suggested the Council invest in a person to do the required data entry; that manpower is not currently available in Finance. He agreed the money trail should be transparent and that goal will require an upfront investment.

Councilmember Petso apologized to the three citizens who attended the last Finance Committee meeting who expected a Finance Department representative to be at the meeting; she expected a representative to be at the meeting. She has been assured that someone from finance will attend the May Finance Committee meeting and questions can be asked about the monthly reports and begin review of the City's existing financial policies and if necessary adopt new financial policies.

Councilmember Petso relayed she has been told a permanent Finance Director will not be hired by May and she will not have the new numbers. She has met three times with the Public Facilities District (PFD) regarding their needs but did not expect the PFD to have a complete picture of their needs by May. She was unsure whether those timing issues meant the levy could not be placed on the August ballot or if the Council would place it on the ballot on the assumption that information would be available in time for the August election. She summarized the timing is very rushed on at least two issues. Although Mayor Cooper had hoped to provide updated financials tonight, the financial projections still show a beginning fund balance of \$2.8 million; she has reason to believe the City ended 2010 at \$3 million. She would be more excited about an operation levy if the numbers available at the time the Council makes their decision reflect the best information available.

Mayor Cooper explained he made a policy decision in his role as Mayor not to have the interim Finance Director attend the Finance Committee meeting. The monthly report was delivered on time to the Finance Committee. The City pays an agency for a temporary Finance Director by the hour; he felt it was more important to have the Finance Director working during regular business hours on the day-to-day operations of the City rather than attend a Finance Committee meeting in the evening and take time off to avoid overtime. He has requested the interim Finance Director attend the May meeting and provide the quarterly report. The interim Finance Director is available to answer Council questions. For example, Councilmember Buckshnis raised a question about the monthly report and an error was promptly corrected. The Finance Department is already understaffed and because the interim Finance Director is paid on an hourly basis, his time must be used in the most efficient manner possible. Rewriting the reports will happen when a permanent Finance Director is hired.

Councilmember Plunkett complimented Mayor Cooper, explaining until he became the Mayor, administration and Finance Director Lorenzo Hines ignored financial reporting and transparency. Early last year the Council unanimously passed a request for financial reporting which the Finance Director ignored. Mayor Cooper has expressed interest in addressing the Council's request for financial reporting.

Councilmember Plunkett pointed out the Flower Program is operating and he preferred not to have that program funded via a levy because if a levy failed it would mean the City would discontinue the Flower Program. He did not want to include funding for either the Flower Program or public safety in a levy and preferred to fund those programs via the operating budget. His support for a levy would not be based on whether it funded the Flower Program.

Councilmember Buckshnis commented the Finance Director did not attend Finance Committee meetings during the last quarter of 2010. She noted the data dump had occurred; it simply needed to be formatted into a report where the numbers tie. The largest issue is the forecasting mechanism does not have all the data necessary to determine the fund balance. Since June 2010 statements have not been accurate; September was off, December was a data dump and March reports are not yet available. She cannot support an operating budget until good numbers are provided.

Councilmember Wilson explained to the public that they were seeing a very sincere effort on the part of all Councilmembers to grapple with a very tricky problem. Although Councilmembers may approach it in a different way, the level of sincerity and pure community interest was very impressive. Although he may disagree with Councilmembers, they represent an important opinion and perspective. He was hopeful the Council could find a way to bridge their differences and if a majority can support a levy, he was hopeful there would be five votes rather than a 4-3 split. He urged the Council to keep an open mind in order to find areas of agreement, including the size of the levy, when it goes on the ballot, etc. Five votes to place the levy on the ballot will make a statement regarding the Council's level of commitment to the community, and that the Council is working together. Within that context he suggested Council President Peterson schedule citizen comment on April 26 as well as May 3. He also suggested holding a regular Council meeting on May 10 and to shape the Council discussion to reach at least five votes.

Councilmember Fraley-Monillas commented she has not made up her mind but appreciates the conversation and viewpoints. She was concerned with the short five week timeline to make a decision regarding a levy and was concerned the Council was trying to push too fast to put a levy on the August ballot instead of November.

Student Representative Gibson asked if the levy could be placed on the November ballot if it failed in August. Councilmember Wilson advised the deadline for the November ballot will have passed by the August election. City Clerk Sandy Chase advised a placeholder could be sent to Snohomish County. Mayor Cooper agreed other jurisdictions have submitted a placeholder to the County Auditor's office in the event a measure fails and withdrawn it if the measure passed. Ms. Chase recalled the City had done that in the past on a different matter.

Councilmember Bernheim was certain that the Council doing its best to get a levy on the August 16 ballot would help get it on the November 8 ballot. He viewed the November 8 ballot as the most realistic, practical, legitimate and sincere and gives the Council the time to develop the necessary materials.

Council President Peterson advised he was more than happy to increase the frequency of discussion and public comment. It was the consensus of the Council to schedule discussion regarding levy options and public comment on the April 26 agenda. He requested at next week's Council meeting, Councilmembers voice the issues they need to have addressed such as financial reporting. He recognized financial reporting was an issue and questioned how the Council could get beyond that. He agreed the timing was horrible; the City has an interim Finance Director who will not be able to develop a new system and it may not be in the City's best interest to request that a new Finance Director immediately develop a new reporting system. He asked the Council to consider whether they were willing to invest in upgraded software and/or an outside agency to create the reports, estimating the cost at \$50,000. If the Council continues to talk about their frustration with the financial reporting, without an immediate answer to that question, it is unlikely that progress regarding a levy can be made.

Councilmember Wilson referred to Councilmember Plunkett's question whether the Flower Program would be cut if it is included in the levy and the levy fails. He struggled with that concept with regard to including funds for the ECA and senior center in a levy. If a levy failed, he would be not want to cut funding to the senior center and the City is responsible for the ECA bonds regardless of whether a levy

passes. He shared Councilmember Plunkett's concern with wages and benefits, advising the Public Safety/Human Resources Committee is working on medical self-insurance. He asked Councilmember Plunkett if he could support a levy that only restored funding to things that had been cut such as streets, the uniformed police officer that was cut in the 2011 budget, and the Crime Prevention Program that was cut two years ago. Councilmember Plunkett commented his thoughts were not hard and fast between capital and operating; he preferred 80-85% be for capital.

Councilmember Wilson asked whether Councilmember Plunkett considered funding for street overlays capital when it was essentially operations. Councilmember Plunkett answered he considered it capital because there is currently no funding mechanism. A levy could provide a capital funding mechanism.

Councilmember Wilson noted Mayor Cooper's proposal was approximately \$704,000 streets, \$210,000 for Police and additional funds for reserves during the four year period. He asked whether Councilmember Plunkett could support a levy if the Council fiddles with the numbers to make them reflect his 80-85% towards streets. Councilmember Plunkett answered he did not have a hard and fast rule. He was willing to fiddle to a certain extent as long as a levy was predominantly for capital.

Councilmember Wilson agreed with Councilmember Buckshnis that the more specific the Council can be, the more likely there will be support. He asked Councilmember Buckshnis whether a levy that focused on streets and restoring a police officer and Crime Prevention would be focused enough for her to support it. Councilmember Buckshnis explained her issue is asking voters to pay additional taxes. Edmonds is not South LA, and she is uncertain whether the voters believe another police officer or a Crime Prevention Program was necessary. She has heard complaints about streets and the Mayor's proposal includes \$285,000/year for deferred maintenance for parks, a capital issue. Funding for the ECA also needs to be addressed. She believed the voters would support parks, streets and maybe the arts.

Councilmember Buckshnis advised Darrol Haug and she plan to obtain Redmond reports and prepare them for Edmonds in the interim in order to provide clear information to citizens. Councilmember Wilson commended Councilmember Buckshnis, noting when she was satisfied with the numbers and reporting, he would feel good about them. He asked Councilmember Buckshnis to try to find the place where good enough is good enough and perfect is not the enemy of good. He suggested a levy with \$900,000 for streets and restoring Police Department cuts that are important to him and waiting two years to fund other things. If that half measure was something the entire Council could support, maybe that is what the Council should pursue.

Mayor Cooper explained the City likely did not need new software. Eden, the software the City uses, dumps good raw data but Redmond and Mukilteo manually input that information into an Excel spreadsheet. Mukilteo, although smaller than Edmonds, has a larger Finance Department staff and Redmond has a much larger Finance Department staff. Part of the challenge in Edmonds is having enough personnel to manually enter data to create reports. Eden does not have the capability of dumping data directly into Excel. He is committed to making improvements within the City's existing personnel configuration and if that is not possible, he will inform the Council and the Council can decide to purchase software that creates those reports or pay the additional \$75,000-\$100,000 for an additional FTE in the Finance Department.

Student Representative Gibson recalled during Police Chief Compaan's annual report he reported the City was short a police officer.

Councilmember Petso encouraged Councilmembers to begin talking to people about what they are interested in funding and not wait for the public hearing. She receives a much different reaction from people about street overlays than she receives with regard to public safety or arts. At this point the City is

in a position where any money generated by a levy will be of tremendous benefit. If that means dividing a levy and placing separate line items on the levy to ensure one or more succeed, that may be worthwhile.

Councilmember Wilson advised he had been having some of those conversations. The most important thing he has heard about the likely success or failure of a levy is the form and vigor of Council leadership. The Council speaking with a unified voice and campaigning for a levy has tremendous impact, likely more impact than anything else. Identifying a process to address reporting issues will go a long way toward informing the public. Likewise it is tremendously impactful if the Council can say with one voice that the City does not have an expense problem, though expenses are being reviewed, the City has a revenue problem. He anticipated citizens would respond to the Council's leadership. He wanted to hear from voters but did not want to abdicate the Council's leadership role.

Mayor Cooper explained the reason he proposed a \$2.2 million levy was because it is roughly the amount of sales tax the City lost since the recession started. Based on the forecasting model, whether the outdated numbers or the new numbers, the City will fall below the one month reserve at the end of 2012. The interim Finance Director advised him today the actuals will be within \$100,000 of the projected yearend 2010 estimate. He was hopeful yearend actuals would be available the first week of May, approximately when that information has historically been available regardless of who has been the Finance Director. Staff will then prepare a forecasting model based on December 31, 2010 actuals, put in the 2011 budget numbers and add decisions the Council has already made such as changing the City's healthcare plan January 1, 2012, and the change in the City Attorney contract as well as expenses such as labor costs and the approximately \$200,000 for ECA debt. That will also staff to illustrate the City's exact financial position. He was hopeful the forecast would be available by the May 3 meeting or the subsequent meeting. He recognized the Council needed the information in order to make its decision.

Mayor Cooper noted the change in the City Attorney contract will not reflect a savings in 2011 but will in 2012. The ECA debt is not currently reflected in the City's forecasting model. He anticipated the projected labor costs are higher than actual labor costs will be. The benefit model may/may not be higher depending on legislation relative to Labor and Industry costs and pension costs. He assured staff will develop a forecasting model based on the best information available the first week of May that is as current as possible based on actual, yearend numbers. All of the "back of the envelope" numbers suggest the City will be below the one month reserve by the end of 2012 by some amount of money and a drastic decline in reserves in 2013. He agreed with Councilmember Bernheim; the goal should be to complete the levy by May 17 for the August ballot but if not, the Council would be in a good position to make an early decision to put a levy on the November ballot and begin educating the public. He invited Councilmembers to meet with him to discuss their ideas.

7. REPORT ON CITY COUNCIL COMMITTEE MEETINGS OF APRIL 5 AND APRIL 12, 2011.

Public Safety/Human Resources Committee

Councilmember Buckshnis reported although the Committee had a lengthy agenda, they only discussed medical self-insurance. Their discussion included several representatives from the City's unions. Councilmember Wilson provided a spreadsheet of benefits and costs and a timeline. The Committee will continue its discussion regarding medical self-insurance at their May 10th meeting.

Community Services/Development Services Committee

Councilmember Plunkett reported staff provided the Committee the Quarterly Public Works Capital Project Report. The following items were discussed by the Committee and approved on tonight's consent agenda:

- Authorization for the Mayor to Sign the Contract with the Edmonds-South Snohomish County Historical Society for the 2011 Edmonds Market

- Authorization for the Mayor to sign the contract with the Edmonds Arts Festival Association for the 2011 Edmonds Arts Festival.
- Authorization for the Mayor to sign the contract with the Greater Edmonds Chamber of Commerce for the 2011 4th of July parade and fireworks display
- Authorization for the Mayor to sign the contract with the Greater Edmonds Chamber of Commerce for the 2011 Taste of Edmonds.
- Authorization for the Mayor to sign the contract with the Greater Edmonds Chamber of Commerce for the 2011 Classic Car Show
- Traffic Impact Fee Annual Report
- 2011 Senior Center Agreement
- Authorization for the Mayor to sign utility easements for the Lift Station 2 Improvement Project

Finance Committee

Councilmember Petso reported staff provided the Committee a report on the Fiber Optics Project which is proceeding as expected. The Committee also had a discussion regarding park impact fees and learned that a park impact fee is not as much of a deterrent to growth as some may believe. Staff will conduct further research regarding park impact fees and other methods of generating funding for parks. The Monthly General Fund Update and Update on Financial Policies and Reporting will be discussed at the May Finance Committee meeting.

8. MAYOR'S COMMENTS

Mayor Cooper thanked Wastewater Treatment Plant Manager Stephen Koho and Public Works Director Phil Williams for hosting the delegation from Beijing, China. The eight members of the delegation represented the Beijing Hydraulic Institute, a governmental agency responsible for streets, water and sewer in a city of 20 million. The delegation is in the area for a month but came to Edmonds specifically to see the unique type of incineration in the wastewater treatment plant, considered to be an advanced method of treating solids.

Mayor Cooper reminded of the City's annual Easter Egg Hunt at City Park on Saturday at 10:00 a.m.

9. COUNCIL COMMENTS

Councilmember Plunkett encouraged Councilmembers to review the CTAC report, noting it is the best report to date. CIO Carl Nelson has been taken "off the leash" to pursue the technical work and deserves a great deal of credit for taking the initiative.

Councilmember Buckshnis thanked Parks & Recreation Director Carrie Hite for attending the Edmonds Floretum Garden Club meeting and providing an update and timing on the Old Mill Town Park. The Garden Club has raised \$10,000 for Old Mill Town and Edmonds in Bloom donated \$3,400. She relayed the Garden Club's interest in maintaining the park.

Council President Peterson announced that Friday is Earth Day and encouraged the public to celebrate by doing something good for the planet.

10. ADJOURN

With no further business, the Council meeting was adjourned at 9:00 p.m.